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INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 001346

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NEA FOR FRONT OFFICE; NEA/IPA FOR
WILLIAMS/SHAMPAINE/BELGRADE; NSC FOR ABRAMS/WATERS;
TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON

E.O. 12958: DECL: 06/28/2017
TAGS: [ECON](#) [EFIN](#) [PREL](#) [PGOV](#) [KFTN](#) [KWBG](#) [IS](#)
SUBJECT: AGREEMENT REACHED TO RESUME TRANSFER OF REVENUES
BY ISRAEL TO THE PA

REF: JERUSALEM 1321

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d).

11. (C) Summary: The GOI agreed June 27 to resume the transfer of frozen clearance revenues, starting with a transfer of NIS 500 million on/about July 1, according to PA Prime Minister and Finance Minister Salam Fayyad. Regular monthly clearance revenue transfers will resume as well, along with installment payments of the remaining frozen funds. Technical meetings between both sides next week will focus on transfer mechanisms and amounts owed after deductions. The Israelis also agreed to resume shipments of cash into Gaza so that banks there can disburse salaries, according to Fayyad and a senior PA Ministry of Finance official. End summary.

Revenue Transfers Resume

12. (C) Prime Minister Salam Fayyad told the Consul General late June 27 that, in a meeting earlier that evening, Israeli officials from the Prime Minister's Office and the Ministry of Finance informed him that a sum of NIS 500 million (USD 117 million) in frozen clearance revenues will be transferred to the PA on/about July 1. Fayyad said that several hundred million shekels owed for the previous month (June) will be provided thereafter, as the first of the now-revived regular monthly clearance revenue transfers. The remaining outstanding sum of frozen clearance revenues will be transferred in four or five installments along with the normal monthly transfers. The exact numbers will be worked out in technical level discussions.

13. (C) Fayyad said that the Israelis also agreed to pay interest on the frozen funds and accepted his request that they consider adjustments in the payment schedule if the Palestinians run into financial problems. He reported that the Israelis set no conditions or auditing requirements. Fayyad indicated his general satisfaction with the outcome and said the PA will now be able to pay it's full monthly wage bill for June more or less on time.

14. (C) PA Ministry of Finance Director General of Customs Hatem Yousef told Econoff mid-day June 28 that he had just provided the Israelis with the PA's single treasury account number to facilitate the NIS 500 million transfer. He said this account, number 100084, is located at the Arab Bank's Al-Masyoon Branch in Ramallah. Yousef, who said he participated with Fayyad in the June 27 meeting with the Israelis, reported that technical meetings involving both

sides will begin early next week, during which agreement is expected on the transfer mechanisms and amounts due. Installment transfers, starting with NIS 250 million, should begin soon, and the amount of each transfer will increase once agreement is reached on how much the PA is due, according to Yousef. He said that the Israelis estimated the net amount of frozen clearance revenues at NIS 1.6 billion, but he said he believes this figure to be too low, even when considering estimated deductions for water, electricity and other agreed payments.

Other Frozen Funds

15. (C) Yousef said that Israeli Ministry of Finance officials agreed June 27 to investigate PA claims that Israeli courts previously authorized the release of NIS 860 million of an estimated NIS 1.15 billion frozen separately as a result of legal challenges to the PA. Yousef said the PA's legal advisor is in possession of legal documents provided by the Israeli courts indicating this amount had been unblocked.

Cash for Gaza Banks

16. (C) Fayyad also told the Consul General that the Israelis agreed to resume shipments of cash into Gaza so the banks there can disburse salaries and other payments (reftel). Yousef told Econoff June 28 that Gaza banks have outstanding orders for cash transfers amounting to NIS 150 million and USD 6 million. Bank of Palestine and Cairo Amman Bank officials told Econoff June 28 that the IDF continues to deny the Israeli cash transport company the necessary permits to

* Missing Section 002 *
